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SUBJECT

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Comment. This information was acquired on 4 August 1948,)

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For the past year, Communist activities around Tangshan, excluding train derailments and similar occurrences, have been of minor consequence. Although the Communists would have no difficulty in taking Tangshan, they do not wish to because they can obtain coal and other supplies, and because they would have to feed thousands at present dependent on the Kailan Mining Administration (KMA) for food.

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- The KMM is operating at n loss in order to enrich the Fuel Commission.
- 3. Although some of the train derailing and consequent stealing of coal is done by local non-Communist Chinese, most of these occurrences are known to represent Communist activity. For instance, three weeks ago a train was derailed between Chinwanitao and Tangshan by the Communists, who took 20,000 bags of flour intended for families of the KMA, and burned a supply of mining timber which the train also carried.
- 4. Five nimed Nationalist soldier: are assigned to each train for guarding, but the guarding is not very efficient. Source has seen at least one bridge blown up a short distance from a pillbox.
- 5. Nationalist soldiers in the Taugshan area have been selling ammunition to the Communists, and many have deserted to the Communists on the promise of more pay and promotion.

